

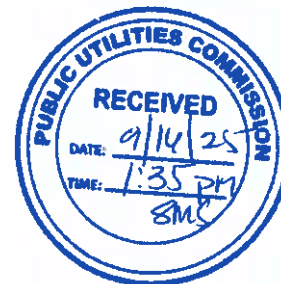
BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

The Application of the Guam Power
Authority to Approve the FY2026 GPA
CIP Ceiling Cap

)
) GPA Docket 25-20
)

) ALJ REPORT
)
)



INTRODUCTION

This matter comes before the Guam Public Utilities Commission [PUC] upon GPA's Petition for Request for Approval of the FY2026 GPA CIP Ceiling Cap.¹ A letter from the GPA General Manager and GPA Resolution No. FY2025-32, both of which are attached to the Application, approve the CIP Ceiling Cap.²

Therein, GPA requests PUC approval of its FY2026 Capital Improvement Project Cap in the amount of \$21,000,000, which consists of General Plant (\$7,914,485) and Engineering (\$7,260,188).³ GPA's proposed FY2026 Ceiling Cap also includes \$5,825,327 for Line Extensions. However, pursuant to the GPA Contract Review Protocol, regulatory review is not required for blanket job orders and line extensions.⁴

BACKGROUND

The Contract Review Protocol for the Guam Power Authority requires that GPA's annual level ("cap") of internally funded Capital Improvement Projects ("CIP") be set

¹ GPA Petition to Approve the FY2026 GPA CIP Ceiling Budget, GPA Docket 25-20, filed September 8, 2025.

² GPA Petition at Exhibit 1, pgs. 1-2 and 5-6.

³ GPA Petition at p. 1.

⁴ Contract Review Protocol for GPA, Administrative Docket, February 15, 2008, Sec. 1a.

by the PUC before November 15th of each fiscal year.⁵ The CIPs included within the Cap are for “general plant” and “engineering.” The “general plant” expenditures include such items as plant, CT, diesel, and technology upgrades and improvements, boom truck crane, networking equipment, emergency underground reconstruction, substation/breaker upgrades, and other miscellaneous items.⁶

The “engineering” expenditures include such items as T7 transformer replacement, substation hardening, EV charging station, GWA wells underground conversion, and EPCM Contract, Stanley Consultants.⁷

The Contract Review Protocol does not require that GPA provide justifications for the items listed under General Plant.⁸ GPA indicates that what it has provided is a General Plant (CIP) Budget; it has always been the case that GPA does not expend all amounts indicated in the budget for the stated items.⁹

ANALYSIS

This year’s requested cap includes some large “plant” items: (1) MEC 8&9 Major Overhaul, \$840,157; (2) MEC New Cylinder Liners, Piston Rings, \$759,843; (3) Substation Physical Control Access System Installation, \$500,000; (4) Replacement of

⁵ Contract Review Protocol for GPA, Administrative Docket, February 15, 2008, Sec 1f.

⁶ GPA Petition at Exhibit 1, pg. 3.

⁷ GPA Petition at Exhibit 1, pg. 4.

⁸ Contract Review Protocol for GPA, Administrative Docket, February 15, 2008, Sec. 1f.

⁹ Discussion between PUC Counsel Fred Horecky and GPA Legal Counsel Graham Botha on September 15, 2017.

current on-premises VOIP Network infrastructure, systems, and resources, \$350,000; (5) Battery Bank Upgrade, \$300,000; (6) Boom Truck Crane, \$300,000.¹⁰

The prior year cap levels were as follows:

FY2025 Cap: \$34,960,498¹¹
FY2024 Cap: \$32,931,099¹²
FY2023 Cap: \$22,122,263¹³
FY2022 Cap: \$32,202,862¹⁴
FY2021 Cap: \$21,561,155¹⁵
FY2020 Cap: \$23,780,278
FY2019 Cap: \$22,022,011
FY2018 Cap: \$20,959,813
FY2017 Cap: \$18,798,120
FY2016 Cap: \$12,067,780
FY2015 Cap: \$9,974,000
FY2014 Cap: \$7,363,110.
FY2013 Cap: \$10,135,760.
FY2012 Cap: \$13.581M.¹⁶
FY2011 Cap: \$5M.¹⁷
FY2010 Cap: \$16,390,707.¹⁸

The proposed FY2026 CIP cap (\$15,174,673, without line extensions) is over \$19M less than the FY2025 cap. The cap had not been at this low a level since FY 2016. As the Commissioners are aware, the CIP Cap is only a spending limit. The ALJ is not aware

¹⁰ GPA Petition at Exhibit 1, pg. 3.

¹¹ PUC Order, GPA Docket 24-26, at p. 1.

¹² PUC Order, GPA Docket 23-24, dated September 28, 2023, at p. 5.

¹³ At present, the ALJ cannot find a docket or record indicating that GPA filed a Petition to approve the FY2023 GPA Ceiling Cap. On September 28, 2023, GPA CFO John Kim confirmed in an email to the ALJ that there was no ceiling cap filing for FY 2023; however, he indicated that the CIP ceiling cap for FY 2023 was \$22,122,263.

¹⁴ PUC Order, GPA Docket 21-18, dated September 20, 2021, at p. 1.

¹⁵ PUC Order, GPA Docket 20-19, dated September 24, 2020, at pgs. 2-3.

¹⁶ PUC Order, GPA Docket 18-17, dated September 27, 2018, at pgs. 1-2.

¹⁷ PUC Order, GPA Docket 13-16, dated October 29, 2013, at pgs. 1-2.

¹⁸ PUC Order, GPA Docket 10-05, dated October 29, 2010, at pg. 1.

of any year in which GPA has expended funds up to the CIP Cap. GPA CFO John Kim has previously estimated that there is a \$6M-\$8M carryover of cap funds from year to year.¹⁹

Upon review of the GPA Petition, the ALJ questioned why the proposed cap for FY2026 was so much lower than the FY2025 cap. Upon discussion with John Kim, GPA CFO, the ALJ was informed that the FY2026 cap does not include carryover projects from FY2025.²⁰ Upon the ALJ's request, GPA forwarded to the ALJ an updated listing of Plant and Engineering projects including the carryover projects from FY2025. Such listing is attached hereto as Exhibit "1". GPA's position is that the FY2025 carryover projects have already been approved by the PUC and do not need to be included for the FY2026 ceiling cap.

When FY2025 carryover projects are included in the FY2026 cap for General Plant projects, the ceiling cap for General Plant Projects for FY2026 would be \$21,268,630. For Engineering projects for FY2026, when FY2025 carryover projects are included, the total ceiling cap would be \$8,034,902. With the carryover projects, the total CIP Budget cap for FY2026 is \$29,302,532. Even when carryover projects are included, the proposed FY2026 Ceiling Cap is more than \$5M less than the FY2025 Cap and more than \$3M less than the FY2024 Ceiling Cap.

Several of the general plant expenditures are for MEC overhaul and replacement items. These and other general plant costs are justified and necessary.

¹⁹ Phone conference between GPA CFO John Kim, GPA Counsel Graham Botha, and PUC ALJ Fred Horecky on September 18, 2020.

²⁰ Phone conversation between John Kim, GPA CFO, and Fred Horecky, PUC ALJ, on September 15, 2025.

Over one-half of the FY2026 engineering project costs relate to five projects: (1) T7 Transformer Replacement, \$1,800,000; (2) Substation Hardening/Concrete Fencing Harmon, \$500,000; (3) EV Charging Station, \$500,000; (4) Predictive Based Maintenance, Island wide, \$500,000; and (5) P-087 GWA Wells Underground Conversion, \$500,000.

There is a cost of \$485,000 for the EPCM Contract regarding LNG, Stanley Consultants. The PUC did authorize GPA to do additional exploratory work on LNG issues in GPA Docket 23-17.

The proposed Engineering CIP projects appear reasonable and the construction projects should improve the IWPS. The projects should improve the island-wide transmission and distribution system. The proposed Engineering project costs are lower this year than in the past. The ALJ believes that the costs have been justified.

GPA must seek approval under the Contract Review Protocol for procurement of any items included within the CIP cap which exceed the \$1.5M threshold if the PUC has not previously approved such items.

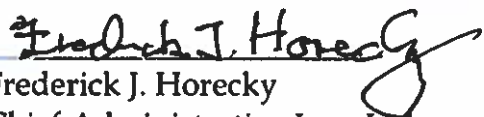
RECOMMENDATION

Based upon the recognition that the FY2026 general plant budget ceiling cap is lower than that of the two prior fiscal years, regardless of whether carryover projects are included, the Administrative Law Judge recommends that the PUC approve the proposed FY2026 \$15,174,673 Ceiling Cap. The projects requested to be funded are needed for plant overhauls, improvements, equipment, and system upgrades. Such a CIP cap is reasonable, prudent and in the interest of the ratepayers.

ALJ Report
Application of GPA to
Approve FY2026 CIP Ceiling Cap
GPA Docket 25-20
September 15, 2025

A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 15th day of September, 2025.


Frederick J. Horecky
Chief Administrative Law Judge

GUAM POWER AUTHORITY
FY2026-2027 Approved Budget
Capital Improvement Projects (Revenue Funded)

CIP Category	FY25 CARRYOVER as of 9/15/25	FY2026 APPROVED BUDGET	FY2027 APPROVED BUDGET
General Plant	\$ 13,354,145	\$ 7,914,485	\$ 8,047,188
Engineering Projects	\$ 774,714	\$ 7,260,188	\$ 6,777,110
Sub-Total	\$ 14,128,859	\$ 15,174,673	\$ 14,824,298
Line Extensions	\$ -	\$ 5,825,327	\$ 6,175,702
Grand Total CIP	\$ 14,128,859	\$ 21,000,000	\$ 21,000,000

GUAM POWER AUTHORITY

FY2026-2027 Budget Requests

General Plant (Revenue Funded)

as of 9-15 25

Line Item no.	BUSINESS UNIT	CIP DESCRIPTION	FY25 CARRYOVER	FY2026 APPROVED BUDGET	FY2027 APPROVED BUDGET
25	Generation - Gas CT	Yigo Horizontal oil Tank T-120 replacement			\$ 150,000
26	Generation - Gas CT	YCT Turbine purchases of Instrument key parts			\$ 100,000
27	Generation - Piti 7	Turbine Air Inlet Compartment			\$ 350,000
28	Generation - Water Systems	New 2024 Seven (7) Model 500kw 3 standby diesel generator**	\$ 1,096,945		
29	Generation - Water Systems	Two (2) 1400kw 3 phase standby diesel generator	\$ 991,112		
30	Generation - Water Systems	Two (2) 800kw 3 phase diesel generator **	\$ 568,630		
31	Generation - Water Systems	Three (3) 500kw 3 phase standby diesel generator on trailers	\$ 520,949		
32	Generation - Water Systems	Five (5) 175kw 3 phase diesel generator	\$ 339,934		
33	Generation - Water Systems	three (3) 300kw diesel generator	\$ 301,366		
34	PSCC	NEW Siemens Virtualization/Upgrade			\$ 1,700,000
35	T & D Meter Relay	CMC500 Relay Test set and commissioning tool			\$ 100,000
36	T & D Meter Relay	KWH field meter tester			\$ 100,000
37	T & D Meter Relay	Microprocessor Electronic Relays: VARIOUS			\$ 100,000
38	T & D Substation	Transformer Oil Purifier and Degasifier Set	\$ 778,382		
39	T & D Underground	Pad Mount Switch Gear			\$ 150,000
40	T & D Underground	Pad Mounted Switch Gear Upgrades/Transformers	\$ 125,242		
41	Transportation	4x4 Utility Truck (Medium Heavy Duty 4-Wheel Drive)	\$ 490,245		\$ 98,000
42	Transportation	Commercial Utility Vans			\$ 140,000
43	Transportation	CARRYOVER: EV Bucket Trucks (2 units) *FY25	\$ 724,998		
44	Transportation	CARRYOVER: EV Bucket Truck Cost Share *FY25	\$ 250,000		
45	Generation - Piti 7	Major Overhaul for Piti 7	\$ 2,733,984		
46	Generation - Diesel	Tenjo Vista(Units: 2,3 & 4) Replacement/fabrication of Cooling Towers to include installation.	\$ 777,757		
47	MEC	MEC 8&9 Major Overhaul		\$ 840,157	\$ 840,157
48	MEC	New Cylinder Lines, Piston Rings	\$ 701,070	\$ 759,843	\$ 159,843
49	MEC	Turbo Charge rotor assembly	\$ 627,949		
			\$ 12,674,091	\$ 6,057,909	\$ 6,183,000

Total General Plant Budgets above \$100K

\$ 12,674,091 \$ 6,057,909 \$ 6,183,000

Total General Plant Budgets below \$100K

\$ 680,054 \$ 1,856,576 \$ 1,864,188

Grand Total FY26 & 27 General Plant

\$ 13,354,145 \$ 7,914,485 \$ 8,047,188

GUAM POWER AUTHORITY
FY2026-2027 BUDGET REQUESTS
Engineering Projects (Revenue Funded)

as of 9-15-25

Line Item No.	CIP DESCRIPTION	FY25 CARRYOVER	FY2026 [ADJUSTED] BUDGET REQUESTS	FY2027 [ADJUSTED] BUDGET REQUESTS
1	T7 Transformer Replacement		\$ 1,800,000	\$ 500,000
2	Substation Hardening/Concrete Fencing - Harmon		\$ 500,000	\$ 1,100,000
3	Predictive Based Maintenance - Islandwide		\$ 500,000	\$ 300,000
4	EV Charging Station		\$ 500,000	\$ 400,000
5	P-087 GWA Wells Underground Conversion - GPA Portion		\$ 500,000	\$ 490,104
6	EPCM Contract - Stanley Consultants		\$ 485,000	
7	P-111 and P-047 Metal Cross Arm Refurbishment		\$ 450,000	\$ 350,000
8	115kV Cabras to Agana - monotube upgrade		\$ 300,000	\$ 500,000
9	ULSD Quickflash Installation		\$ 300,000	\$ 100,000
10	Grid-Enhancing Data Analytics Demonstrations for Operations, Monitoring, and Control - GPA portion		\$ 285,665	\$ 165,309
11	Piti-Harmon 115 kV Pole Upgrade		\$ 250,000	
12	Piti Powerplant Smokestack Demolition		\$ 250,000	\$ 250,000
13	Route 1 Pole Relocation		\$ 250,000	
14	Talofofo Backup Generator - Installation Cost		\$ 200,000	
15	Hagatna Power Plant Building Renovation to include Fencing Upgrades		\$ 200,000	\$ 234,812
16	Physical Access Control System (PACS) - Fadian		\$ 150,000	\$ 150,000
17	Piti Substation Grounding		\$ 100,000	\$ 400,000
18	Smartgrid Controller Conversion and T&D Line Maintenance Support/Distribution Improvement		\$ 100,000	\$ 100,000
19	Barrigada Ingress/Egress		\$ 70,000	
20	Substation and Transmission Improvements		\$ 50,000	\$ 100,000
21	Automated Omni Rupter Switch		\$ 19,523	
22	Underserved & Indigenous Community Microgrids - GPA portion			\$ 316,885
23	Tamuning T51 Transformer - Installation			\$ 500,000
24	Carry over: LNG Study	\$ 65,000		
25	ULSD - Additional Connection to Backup Diesel Generator			\$ 250,000
26	Voltage Regulator - North, Central, and South Installations			\$ 100,000
27	P-090 underground extension to Battulo Street			\$ 100,000
28	Pulantat Substation Upgrades			\$ 100,000
29	P-005 extension to Apra (Steel Arms)			\$ 20,000
30	SCADA Ready Switched Cap Banks			\$ 250,000
31	Carry over: Automated Omni Rupter Switch	\$ 56,785		
32	Carry over: Typhoon Mangkhut Permanent Repairs (75% FEMA Funded) - completed in FY25	\$ 500,000		
33	T-501 Transformer Upgrade (Transformer Insulating Oil)	\$ 152,929		
	Total - Revenue Funded	\$ 774,714	\$ 7,260,188	\$ 6,777,110